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In This Issue

Business Implications of Recent Social Trends

By W. J. DONALD.

The Management Index

Abstracts and Descriptive Notes of Company Activities Including

Financial Management

Production Management

Insurance

Public Relations

Office Management

Marketing Management

Survey of Books for Executives

Agricultural Systems of Middle Europe, edited by O. S. MORGAN.

Advertising Allowances, LEVERETT S. LYON.

Essentials of a Program of Unemployment Reserves.

The Personal Finance Business, M. R. NEIFELD.

Insuring the Essentials, BARBARA NACHTRIEB ARMSTRONG.

and others

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The MANAGEMENT REVIEW

May, 1933

Business Implications of Recent Social Trends

*By W. J. DONALD, Partner,
James O. McKinsey and Company*

THE influences of business on social life and the influences of social conditions on business have become so completely interwoven as to make the fact generally ignored. Whether business affects social trends more than social trends affect business is a conundrum as difficult to solve as the proverbial problem of the priority of the hen or the egg. The social and economic implications of business are fairly obvious. The significance of those implications, however, is all too frequently forgotten by business men and ignored by social workers, public officials and legislators.

Whether business creates trends in social life or whether social conditions have a prior influence on business, it is certain that the two no longer go through independent development. Rather, they have interacting effects on each other, both treading their paths in the same somewhat irregular circle—at times an ascending spiral and at other times a declining vortex.

The publication of "Recent Social Trends,"¹ after three years' study of the social life of the United States by a group of sociologists, political scientists and economists, affords an opportunity to view business in terms of changing social conditions. The official summary of this study, contained in Volume I of the report, provides a brief review of the complete work of the Committee. It should be read by every business executive who even pretends to have a claim to vision. Most business men can well afford to study and re-

¹ Report of President Hoover's Research Committee on Social Trends. New York, McGraw-Hill Book Co., 1933, 2 vols. Thirteen monographs elaborating the findings of the Committee will complete the study. Seven of these have been published to date.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

study particular sections of the two-volume report and certain of the supporting monographs. An intelligent study of those sections of this report which are significant to a particular executive is almost certain to effect a change in long-term policies, in plans for future organization, and even in procedures of business operation. And it will pay to study sections, the significance of which may not at first seem obvious. A few illustrations will serve to indicate how business may be affected by social trends.

Land and the Population

America came to the end of its land resources about 1900. Theretofore, the center of population moved steadily westward. The day of the pioneer was not yet over. There were still lands available for settlers. During this period it was on the frontier that new and supposedly radical ideas developed. In the twentieth century the tide has turned backwards with the decline in agricultural population and urban movement from the farm, and a decline in the relative importance of not only agriculture but also lumbering and mineral industries.

To the disappearance of the frontier there has been added mechanization of agriculture and other natural resource industries to a much greater degree than is generally realized. This, in turn, has magnified the urban trend, even to the extent of partial abandonment of marginal lands, ore deposits and timber resources.

One of the first marked effects of the disappearance of the frontier has been the transfer of the origin of new political and social ideas from the farm to the cities. The importance of agrarian movements is likely to be transferred to consumer movements or labor movements arising in the city rather than on the farm. Had it not been for the mechanization of agriculture, we might already have seen manufacturers demanding free trade in food products as a means of keeping down the cost of living in cities so that industry might export its own products abroad. Such a movement was begun toward the end of the first decade of this century. It was checked by the war, but it is likely to reappear in the course of another twenty years. Meantime, the farmer is more and more likely to demand protection for agriculture, but, like the British land owner, is likely to have less and less ability to make his political demands effective.

Power and Industry

How far we shall go in the geographical decentralization of industry will depend, to a considerable extent, not only on the location of the market in terms of population and purchasing power, but also in terms of the availability of power and the increasing possibilities of transmitting that power to favorable points of manufacture. There was a time when the electrical industry expected a large concentration of industry on the Niagara frontier,

then America's foremost prospective source of electric power. Even thirty years ago present ability to transmit power and the provision of giant power connections was undreamed. The Niagara frontier has never become and probably never will become what was then expected of it. But communities hundreds of miles away will flourish that would otherwise have been stifled. The same condition obtains in many other power sections of the country.

Decentralization of industry and consequent decentralization of the population shows signs of being in process already. The Borough of Manhattan in New York City had actually a smaller population at the end of 1929 than a decade before, and there are fairly definite signs that cities of 25,000 to 100,000 are growing more rapidly than very large cities or cities under 25,000. This will have an important bearing on marketing programs of corporations, even more for the long run than for the immediate future.

Population Trends

The rate of growth of American population has been declining, even though the net increase during each decade has continued to be large. Estimates of future population vary from a saturation point of 140,000,000 to a saturation point of 190,000,000. The best estimates are that we shall arrive at the saturation point of America's population of around 150,000,000 to 160,000,000 by 1950 or 1960. Such estimates are radically different from those made even a decade ago.

This decline in the rate of population growth will have an important bearing on domestic marketing. Many manufacturers, mine operators, farmers and others will have to revise their estimates of future markets unless foreign markets are expanded or our domestic standard of living raised. It seems almost certain that a rise in our domestic standard of living is the most probable result. Business men will have to consider carefully the implications as they affect wage trends, sales policies, advertising, and any other means of creating consumer demand.

Another very significant possibility is likely to catch many Americans unawares unless they face a truth which they will not relish. If we are rapidly approaching the population saturation point, the real estate, real estate financing, and the building supply industries and other related businesses—in fact, every business contributing to the residential construction and use must conduct itself accordingly.

The time may not be far off when speculative real estate operations will be a thing of the past; when the profits of the real estate business will be made from exchange services rather than from spectacular increases in value. This means an end, sooner or later, to speculative building and to speculative financing. The market for building materials and supplies will gradually become a market of obsolescence and less a market for increased construction.

Large urban communities may soon find that there are no more profits

in real estate speculation in such cities. The trend is more likely to be toward cities of medium size, especially if industry begins to decentralize, as it shows definite signs of doing.

The New Leisure

With the increasing mechanization of both industry and agriculture and of all other processes of production, the increase of leisure is likely to go on apace. What reason, after all, is there for assuming that the gradual decline of the working day should suddenly stop? The leisure that is enforced leisure today is almost certain to be partially retained, and with increasing leisure combined with higher standards of living for the masses, the market for goods and services will change.

It may not be too much to predict that the new industries of large promise are those which will cater to leisure time pursuits. The automobile captured a large part of this market during the last fifteen years. It will probably regain a considerable volume of business as leisure grows, but in what direction the public will spend its leisure time and its increased earnings will depend on many other factors—the degree of education, the kind of education we afford, the changing status of the family and of adult women, married and unmarried, and, inevitably, upon the process of invention.

The Changing Family

The family is becoming increasingly an emotional rather than an economic unit. A large share of economic activity has gone out of the home, leaving, especially among apartment house dwellers, an activity vacuum for those who are not employed outside the home. Women are gradually insisting on being persons in their own right, and on the privilege of expressing their instincts of workmanship.

The end of the war did not bring an end to female occupation for gain. The percentage of gainfully occupied married women has risen in the last decade even above the previous decade. Business will do well to consider what effects this will have on consumer demand, what new services and products will be required in increasing volume, and the form in which they will be demanded. The delicatessen dinner is no longer a joke that will cause a smile.

With the family less of an economic unit—in fact, less of a unit in nearly every respect—it will be less possible to think of markets in terms of families, and more necessary to think of them in terms of individual choices. Adults at one time dominated the selection of goods. Today the youth are “bringing up father and mother.” In all probability adults and juniors will each have their own way. The emancipation of parents is now in the foreground. The consequences will be tremendous, and intelligent marketing executives will watch the trend closely for new opportunity.

Government and Business

At the present time we are aroused over the costs of government, but we shall not soon forget the lag that exists between the processes of business and the methods of governmental control of business. In two decades the administrative tribunal type of control has grown rapidly, handicapped often by a natural tendency of legislators to convince themselves that they are important. The inter-relations of different groups in society have become vastly more complex than ever before in history. Maintaining law and order is taking on connotations never before imagined. Law and order is an expanding concept and control is a constantly expanding process. Whether that control shall be of the rigid legislative type, whether it shall be of the flexible administrative type, or to what extent it will become organized, self control of the processes of business by itself with full recognition of the rights and powers of others in the social as well as the business world is one of our leading issues, certainly, for business men. Much will depend upon business men themselves; that is, to what extent they accept their own responsibilities not only to capital but to labor, to the consumer, to the community, and to the business public generally. Management must even develop new concepts of responsibilities to capital. It is certain that government plays a rapidly increasing part in all phases of life, including business life, and control is moving more and more toward the center. Our Federal Government has vastly more powers than it had fifty years ago. While states have lost some of their powers, they have gained others and will shortly be in the process of exercising increasing control over counties and regional areas. We shall almost certainly witness a conflict between local option and state centralization within our states, just as we now witness a conflict between state rights and the growth of the Federal Government.

Business will, because it must, take an active part in determining what shall be done; to be a mere onlooker may satisfy curiosity, but it promises little of political, economic or business health.

It is not to be expected that many business men will read all of even the two-volume report on "Recent Social Trends," but the business man who does not absorb the implications of those sections of the study which most affect his own business is likely to be the loser in dollars and cents. Besides even the business man is a part of this social world of ours—at least part of the time.

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

The United States: A Self-Contained Nation?

This is an analysis of our imports to see how nearly this country can achieve commercial isolation—and with what profit. It is shown that 58 per cent of all of our imports belongs in the class of non-excludables. Sixteen per cent could be excluded with very dubious wisdom, although some restriction of these imports might be practical. Twelve per cent belongs to the net export class. And only 13 per cent belongs to the class that we might profitably exclude.

But this 13 per cent, it is stated, is a deceptive figure. It includes, for example, coal-tar products, of which we import about the same amount as we export. To prevent their import would add practically nothing to the size of our producers' market. In short, the figure of 13 per cent is deceptively large insofar as it represents the additional local market for our goods which self-containment would provide.

It is concluded that we have been living in something very close to a self-contained utopia for many years past. Our tariffs, which have grown in number and height for one hundred years, have seen to the exclusion of nearly all commodities except those which we cannot produce ourselves.

The United States of the last decade, however, really differed from the self-contained utopia chiefly in that we sold more goods abroad than the world was able to pay for in gold, goods and services. Today we are faced with the choice of accepting payment in foreign goods which compete

with our own or of not being paid at all. And neither alternative is inviting. *Fortune*, March, 1933, p. 49:4.

Birth Control for New Enterprises—a Remedy for Competitive Excesses

The author believes that public interest is better served by protecting the investments and livelihoods of existing business organizations than by leaving the door wide open to newcomers. The right to start a new business, he says, is too frequently the right to overcrowd an already well covered field and to make unbridled competition inevitable. He contends that birth control for new enterprises, under the direction of public authorities, is essential to protect the country from excessive capacity and business instability. By C. G. Thoma. *The Iron Age*, April 13, 1933, p. 584:2.

The Industrial Engineer Today

A discussion of the essentials of a scientific approach to the solution of problems of production and distribution, wherein the industrial engineer can help management:

1. Analysis of business to ascertain trends;
2. Analysis of competitive and substitute products;
3. Study of obsolescence of products, of distribution facilities and of production facilities;
4. Study of price trends and policies;
5. Study of consumer trends, reactions and attitudes;
6. Determination of future opportunity in the market;
7. Determination of future sales volumes;
8. Organizing for future volume;
9. Research, in products, markets and producing methods;
10. Budgets, flexible enough to permit

comprehensive control and regulation; 11. Planning of production and of distribution; 12. Cooperation in the industry; 13. Stabilization of employment; 14. Proper financing of the enterprise, including sound capital structure. By Harold Vinton Coes. *Bulletin of the Taylor Society*, February, 1933, p. 16:4.

The Bankers' Industrial Development Company

A review of the organization and work of the Bankers' Industrial Development Company, the chief cog in the British machinery for relief, established in 1930, which might be compared to the Reconstruction Finance Corporation in the United States. By Arthur F. Lucas. *Harvard Business Review*, April, 1933, Part I, p. 270:10.

A Ten-Point Program for Trade Associations

A ten-point program is outlined which aims to solve the basic problems that face trade groups during the next few years: 1. Adoption of strict quality specifications; 2. Clearer definition of trade terms; 3. Programs to deal with loss selling; 4. Formulation of policies against trade evils; 5. Efforts to improve conditions of unfair competition; 6. Proper understanding and use of association advertising; 7. Research for new products and new outlets; 8. Market surveys; 9. Purchasing problems; 10. Bettering inter-trade relations. By C. B. Larrabee. *Printers' Ink Monthly*, April, 1933, p. 33:2.

The Early History of the Great Atlantic & Pacific Tea Company

The results of a study of the early history of this organization, which has been obscured by the fact that the company for years maintained a policy of secrecy as to its affairs. These facts have been established: George Francis Gilman founded a business which within a period of ten years attained national importance under the name, The Great American Tea Company,

selling tea and coffee by mail and through a few retail stores in New York City. Gilman began also to operate under the name, The Great Atlantic & Pacific Tea Company, in 1869. This was a new name rather than a wholly new institution, since it did a similar business in an adjoining building and was administered by the same executives, George F. Gilman and his chief subordinate, George H. Hartford. Gradually the chain-store system outgrew the mail-order business in importance, and the new name superseded the old. By Roy J. Bullock. *Harvard Business Review*, April, 1933, Part I, p. 289:10.

Forget Your Jitters—and Have a Plan!

In a discussion of the sort of machinery that should be set up to provide for a program of reviewing policies, in preparation for the rise that is coming, the following steps are recommended: 1. Bring a fresh point of view to bear on the problem—by seeking the counsel of the banker, for example, or by adding to the board of directors one or more new persons not too closely attached to the company executives or too much interested in an investment in the company; 2. Assign the responsibility for review of policies definitely to the board of directors, to a committee, or to some one individual; 3. With this machinery, prepare a statement of written policies; 4. Prepare a complete statement of policies actually in effect, even though they are not stated or in written form; 5. Prepare a statement of selling, financial, personnel, production and purchasing policies that are sound from a long-run point of view, considering their interrelations carefully; 6. Prepare a statement of policies that seem necessary for current conditions, all factors taken into consideration, no matter how drastic these policies may have to be; 7. Make certain that the program for long-run policies and that for short-term policies are thoroughly considered by the executive personnel and by the board of directors until they are satisfactory at least to the latter—then have them formally adopted by the board;

8. Provide for a continuous review of policies and for formal modification by the board of directors; 9. Set up a definite responsibility for the preliminary modification of policies in some one person or committee, and provide for a review of policy modifications by the board of directors be-

fore they are finally adopted; 10. Translate the policies into departmental budgets and a master budget, and modify the budgets as frequently as policies are changed. By W. J. Donald. *Forbes*, March 15, 1933, p. 8:2.

FINANCIAL MANAGEMENT

Sees Gains in End of Gold Standard

"President Roosevelt on March 4 forbade the shipment of gold abroad, told bankers they could no longer exchange gold for paper money, called upon hoarders of gold to shake out their mattresses or suffer the consequences. On that day, the United States left the gold standard.

"This was the fact, but for seven weeks it was never mentioned, as the standard had come to be regarded with almost religious reverence and awe. We were off, but dared not admit it. On April 19, the horrid fact was on every front page. Why? Because the foreign demand for our gold was banking up. If we were on the standard, it had to be shipped. President Roosevelt refused to ship it.

"Whereupon prices of raw materials and common stocks began to shoot upward, the unmistakable sign of inflation. After almost four years of grinding deflation, with prices, wages, profits, standards of living, whirling in a vicious spiral downward, the process halts as the gold standard publicly collapses, and prices begin to turn upward."

As anything is preferable, in Mr. Chase's opinion, to further deflation, further unemployment, and further industrial stagnation, he maintains that this movement toward reversing it is one which the nation can only welcome.

This article contains a discussion of the gold standard, its weaknesses, what happens when a country goes off the gold standard, what classes are helped by controlled inflation, and what classes are hurt. By Stuart Chase. *The New York Times*, April 22, 1933, p. 19.

Aspects of the "Inflation Proposals"

The Administration's recent renewal of the embargo on gold was itself of minor importance in causing the rise of 7 to 14 per cent in the foreign gold exchanges, the advance of 8 points in the Stock Exchange "averages," the upturn of 10 to 13 per cent in cotton and wheat, according to Mr. Noyes. These rises were not caused primarily by the protective action on gold export but by the instantaneous revival of extravagant inflation propaganda on the floor of Congress and, in the end, the proposal to give the White House discretionary authority to proclaim the wildest of them as the law of the land. If that measure were to be adopted, the President would possess the power to decree overnight that the government should issue up to \$3,000,000,000 in fiat money to meet Federal obligations. He might similarly decree legal degradation of the dollar's gold content by one-half. These powers would be additional to the infusion of \$100,000,000 silver money through acceptance of silver in payment of the war debts.

With the general public, the belief no doubt exists that Mr. Roosevelt, whose courage has been amply demonstrated in his measures regarding banking and the public deficit, would use only so much of the power conferred as would be safe and salutary.

"It is one of the possibilities that use may be made, even of the strange inflation measure, to bring outside nations into agreement such as might forestall it. Such hopes will be more earnestly entertained because all men of real experience are

aware that even partial adoption of the Congressional proposals would be embarking on an untried sea; that there is probably in history no episode of paper inflation, however disastrous in its sequel, which did not begin with the avowed intention of 'controlled inflation.'" By Alexander D. Noyes. *New York Times*, April 24, 1933, p. 21.

Gold Action Here Resented Abroad

"It appears amazing and almost inexplicable to most observers abroad that America, equipped as it is with the largest stock of gold in the world, should have taken the step of abandoning the gold standard, which must almost inevitably intensify the general currency chaos just at the moment when it was believed that stability was at last coming within grasp through the World Economic Conference."

America today is still a large creditor country which has a substantial favorable trade balance and gold reserves far in excess of any other country and more than ample to support the dollar in any emergency. It is, therefore, difficult for financial London to find any justification for the American policy, says this writer.

When England abandoned the gold standard, it had either lost or actually pledged every penny of its gold; had a heavy adverse trade balance running according to most favorable estimates at a rate of over £100,000,000 sterling annually, and was experiencing an enormous outflow of foreign funds. She had either to abandon the gold standard or go completely under, whereas the United States has deliberately forsaken gold for the purpose of producing higher commodity prices and plans for securing them.

Grave doubts have been expressed in London that the American price level will derive any more lasting or greater benefit than did prices in Great Britain after the suspension of gold payments, Mr. Nettleton continues. At first, sterling prices rose by approximately 20 per cent but prices abroad continued to fall and this movement quickly

dragged down sterling prices which today are no higher than in September, 1931. By Lewis L. Nettleton. *The New York Times*, April 24, 1933, p. 21.

French Critical of Our Course

The decision of President Roosevelt to suspend the gold standard caused deep surprise in French financial circles. The prevailing opinion is that from a technical viewpoint, the dollar situation did not justify such a decision. Further devaluation is predicted for unstable currencies with repercussions in the United States. By Fernand Maroni. *The New York Times*, April 24, 1933, p. 21.

Let Competitors Build Your 1933 Profits!

Competitors' income statements for 1932, now nearly all reported, make interesting and useful reading. They tell why competitor "A" made larger profits, though you beat him in sales—how your turnover of accounts receivable compares with that of the industry as a whole—exactly where your management showing is strong compared with competitors, where it is weak.

A method of comparing financial statements is explained. By turning the spotlight on management flaws, as well as points of strength, it will lead to many dollar-saving corrections. By R. H. Rositzke. *Forbes*, April 1, 1933, p. 10:2.

Writing Down Assets and Writing Off Losses

During the last fifteen to eighteen months, there has been a marked movement among corporations to write down their assets of various kinds and, in the case of those which have shown a substantial deficit, a tendency has existed to write off past losses against capital surplus, often more or less artificially created for the purpose. Since the movement has attained such dimensions, the men charged with the conduct of large enterprises must consider the matter of accepting the losses of the past, cleaning house in preparation, and looking hopefully toward the future.

Individual views, both for and against write-downs of property are presented. The distinction between capital surplus and earned surplus is indicated. The procedure when charges can be written off against earned surplus is explained. Write-downs of fixed property against capital surplus, degree and method of write-down, and the effect upon senior securities are other topics which receive consideration. By J. M. B. Hoxsey. *The American Accountant*, April, 1933, p. 102:7.

Manufacturing Efficiency as a Guide to Credit Rating

In these days of rapid change, it is often advisable to know more about some of our customers than our regular sources of credit information furnish. In determining the possible future of a customer, insofar as that future is indicated by the efficiency of the manufacturing set-up, the credit man needs to check purchasing, production control, labor efficiency, engineering, costs and budgets, and shop management, with definite ideas as to how these functions are being handled today in successful companies. It seems possible that this sort

of information, which certainly has some value in forecasting the success of future operations, may have increasing value to the credit man in finally deciding credit rating. By C. S. Craigmile. *Credit Executive*, February, 1933, p. 18:2.

Depreciation Rates

The following rates of depreciation have been recommended by the Department of Cost Accounting of the Laundry-owners' National Association and have been used by many of its members for some time: Plant Machinery and Equipment—10 per cent; Office Equipment—10 per cent; Delivery Equipment (Electric)—10-15 per cent; Delivery Equipment (Gasoline)—20-25 per cent; Buildings—2-4 per cent.

Information is contained in this Bulletin regarding a study made by the Bureau of Internal Revenue relative to the depreciation of equipment in the laundry industry. The policy of the Bureau regarding allowable depreciation rates is discussed. By Domer E. Dewey. *Service Bulletin, Laundryowners' National Association of United States and Canada*, Feb. 20, 1933. 6 pages.

Insurance*

Workmen's Compensation Insurance in Experimental Stage

Suggestions that might help the situation are made by Richard Spitz of the New Jersey Bar. The background of workmen's compensation legislation is a socialistic method of providing a uniform system of evaluating workmen's compensation cases, not on the basis of individual injuries; the demand founded upon individual ideas and claims is frequently bringing about a definite repudiation of compensation as now provided by legislation. When in effect the imagination and the facts are stretched to provide individual protection, we are breaking away from the intent of original plans. There is resulting expan-

sion and broadening of legislation, at the same time creating increased problems of administration. These complications increase the uncertainty as to whether the employee may make a recovery even for reasonably legitimate injuries. Neither employee nor employer has full knowledge of their respective rights.

It is pointed out that employers as a class who have insured their liability have lost considerable interest in legislation and have suffered a material increase in insurance rates, which too often have been blamed upon the insurance carrier or upon employees as a class. Greater cooperation is advocated. *Weekly Underwriter*, March 18, 1933, p. 559:3.

* Insurance abstracts are contributed by P. D. BETTERLEY, Assistant Treasurer, Graton & Knight Co.; Vice-President in Charge of Insurance Division, American Management Association.

Table for Determining Proper Fire Insurance Cancellations

For those who have occasion to cancel policies or reduce the amount, a compilation has been made by Dunlap & Company of Atlanta (insurance agents) to show the most economical way to make these cancellations under the National Board short rate tables. It shows the relative position for every day in the year—and strange as it may seem, the short rate loss varies for almost every day and there is no consistency between one day and another. Therefore, the only way to make an economical reduction is to consult a table of this kind. *The American Agency Bulletin*, April 7, 1933, p. 6:2.

Depreciation Insurance

It is reported that the demand for a coverage which will fill the gap between sound value at the time of the loss and the new value has increased while many underwriters are convinced that they seldom obtain full allowance for depreciation in the adjustment of losses. Obviously, such additional coverage agreed upon in advance would eliminate many of the controversies which now arise.

There are various types of depreciation and some items commonly called by that name may properly be classed as obsolescent losses. The author suggests an endorsement to be attached to fire policies. *The Eastern Underwriter*, Feb. 24, 1933, p. 22.

EDITOR'S NOTE: The difficult problem of obsolescence and depreciation has come to the surface in AMA insurance conferences and some members have urged the association to do some research work in connection with it. We would welcome suggestions and opinions.

Insurance from a Client's Viewpoint

The author points out that the average purchaser of insurance has very little time available for investigation of insurance. Therefore, he requires a broker who is well informed both from an insurance and from a business standpoint. He believes that the

broker must be acquainted with the physical properties, the type of business, the manner of conducting the business, the distribution of its products, and their subsequent market, in order to render the best possible service to the purchaser. There is no disappointment greater than when a corporation believes that they are insured against a particular liability only to find that through some error the claims they thought themselves protected against must come out of their own cash resources, doubly, because they have paid a premium as well as a claim.

Over-insurance always carries dangers for the purchaser—continually increasing cost of insurance and continued reliance by administrative officers on insurance protection rather than on good business judgment. The broker who can and does render his client service based on conservation and economy, will be greatly appreciated.

Many duties are pointed out, but one of the principal needs is the explanation to the assured of the exact nature of protection afforded by the policy; to see that the purchaser understands the provisions perfectly and ascertain whether the language accords with his intent of insurance.

The author believes that one of the most serious faults is the writing of a policy and accepting it, promptly forgetting about it until the renewal date. Business is complex, constantly changing and best experience and knowledge must be utilized throughout the term of the insurance policy.

There is much logic in this article by the comptroller of Worthington Pump & Machinery Corp. By C. H. Crocker. *Broker-Age* (Insurance Brokers Association of New York), March, 1933, p. 5.

Premium Adjustments Under Policies When Companies Become Insolvent

The opinion is expressed that there is no legal or moral obligation on the part of the insurance agent to replace at his own expense policies of a company which is in liquidation or taken over by an insurance department. As a matter of fact, it is con-

sidered in violation of anti-rebate laws. The responsibility rests upon the purchaser of insurance to place his insurance in sound companies and if misfortune befalls the insuring company he alone must stand any loss in connection therewith.

It is considered improper to rewrite the remainder of the term of the original pol-

icy for a premium that would represent the difference between the original premium and the short rate earned premium on cancelled policies. *The American Agency Bulletin*, April 7, 1933, p. 3:2.

An exception might be found in the case of a group of companies issuing policies with joint liability.—Ed.

OFFICE MANAGEMENT

Organization: Job Analysis, Employment, Pay, Tests

Measuring Output of Office Work of Accounting Service Division

Exact procedures followed in measuring the shop clerical work at the Hawthorne Station of Western Electric Company are discussed by the author who adopted the slogan "Without measurement, science cannot exist." He shows how such measurements and the consequent setting of standards increased the efficiency of the office employees. The operation output and efficiency report of the shop clerical department is reproduced. By William Smith. *N. A. C. A. Bulletin*, April 1, 1933, Sec. I, p. 1128:19.

Salary Reduction and Readjustment

In this article there is outlined an emergency plan for the reduction and readjustment of salaries, the purposes of which are: 1. To maintain the cash position of the company as affected by the payroll of salaried employees; 2. To give definite assurance to employees that as their salaries are further decreased by possible decreased business so will they be increased with the return to normal; 3. To avoid undue in-

jury to employees' morale and re-establish and foster confidence for the future. Not only are the salient points of the plan explained but the principles which were followed in planning a means of equitable salary reduction whereby individual incomes might be re-established by increasing rates in direct relation to the resumption of normal business are indicated. By E. P. Case. *N. A. C. A. Bulletin*, April 1, 1933, Sec. I, p. 1147:9.

Placement Follow-Up of Women

Describes technique of follow-up of women placed in household and industrial occupations by the Public Employment Center of Rochester. Relationship is shown between satisfaction given by workers and such factors as time used in filling order, number of applicants referred, age, experience and wages. In cases of separation, reasons for lay-off and quitting are listed.

A supplementary section describes a program of field work in a selected industry. By Mabel E. Crafts. *The Personnel Journal*, February, 1933, p. 325:12.

Space: Location, Equipment, Arrangement

Improving Customer Contact

The story of how the Commonwealth Edison Company improved customer contact through disbanding the counter and making use of desk contacts in its Bill Service Division is told in this article. The

layout of the Bill Service Division, the duties of the contact man, the manual of the Bill Service Division, the work schedule and the training program are carefully explained.

The layout, the work schedule, the in-

quiry ticket and the consolidated report of customers served are illustrated. By Lester L. Starrett. *N. E. L. A. Bulletin*, January, 1933, p. 17:7.

Motion Economy in the Plant Office

The Link-Belt Co. did to factory office layout what Cadillac and others have done in the shop. Formerly the factory office

of Link-Belt was laid out on conventional rectilinear lines. In a recently arranged layout the conventional pattern was disregarded and desks were arranged to give easiest access to material worked on. The arrangement of the office is described and illustrated. By William Conroy. *Factory Management and Maintenance*, April, 1933, p. 153:2.

Records: Forms, Charts, Cards, Files, Statistics

Auditing the Work of the Filing Department

For business as a whole, as well as for many of its important departments, the policy of periodically checking results and verifying facts is accepted as standard. There is no logical reason why the work of the filing department should not be audited in exactly the same way as any other department.

In addition to daily or periodic reports recommended in making an analysis, the writer suggests a method of making a routine inspection, made at an unannounced time and at regular intervals. The person making the file audit may, for example, list a hundred letters or other papers by name and date as they come across his desk dur-

ing the ordinary day's work. At the time of the audit he may ask that these all be gotten from the files, or a statement made of who has them if they are charged out of the file. Another approach is to examine in detail a dozen or more folders picked at random from the files. In any case, the primary purpose is to test, by the sampling method, the accuracy of the filing job being done. Theoretically, the auditor should perhaps verify the fact that every paper is correctly filed, but as a practical matter this is not always feasible and the sampling method must be used. The writer has used this method of periodically checking the filing work in various organizations and has found it entirely satisfactory. By J. H. MacDonald. *The Office Economist*, March-April, 1933, p. 3:3.

Administration: Regulations, Supplies, Communications

An Accurate Check on Office Routine

Fisher Flouring Mills Company has adopted a standard of office practice that fixes individual responsibility and in many ways is valuable to the office management. It involves a complete compilation and description of office routine contained in a loose-leaf binder. This "standard office practice" enables the office manager to organize office work to much better advantage. Each operation is detailed as to who, what, how, when and where, and if there is a need of rearrangement of method or personnel for the sake of efficiency and economy, this can be done with all the facts before him—like moving the figures on a

chess board. By Mandus E. Bridston. *The Office Economist*, March-April, 1933, p. 11:2.

Budgetary Control of Branch Office Expense

The plan followed by the York Ice Machinery Corporation in budgeting the expense of its sales and service branches is outlined. By means of this plan, during the first year of budget operation, total branch expenses were reduced almost 20 per cent below the preceding year. Detailed information is presented regarding the procedures followed in budgeting, and an organization chart of the executive offices in relation to the regional managers

and branch offices is reproduced. By E. A. Kleinschmidt. *N. A. C. A. Bulletin*, March 1, 1933, Sec. I, p. 985:22.

Speeding Production by Teletype

Several months ago the American Hard Rubber Company decided to consolidate manufacturing units in its eastern territory, the production load being transferred to Butler, New Jersey, approximately 40 miles from the company's main offices in

downtown New York, where all sales and distribution activities for the eastern territory are centered. Speed and reliability of communication between office and factory became a vital problem incident to this change. The use of a teletypewriter system for sending orders by wire from the office to the factory solved the problem. The installation and its advantages are discussed. By C. B. Wingert. *Mill & Factory*, April, 1933, p. 28:5.

Benefit Systems and Incentives: *Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership*

Financial Incentives for Clerical Service

OK. The importance of controlling the expense of clerical service grows greater with each succeeding year because this is an expense which is rapidly becoming a larger portion of our total cost. The author contends that clerical expense can be reduced through securing measurements and setting financial incentives on a large portion of office activities; he says that it is probable that 80 per cent or more of our clerical forces can ultimately be operated under standard measurements and wage incentives. The methods and procedures employed by the Westinghouse Electric and Manufacturing Company in measuring the work of about 200 office employees, setting standards, and installing wage incentives, are described. By A. W. Bass. *N. A. C. A. Bulletin*, April 1, 1933, Sec. I, p. 1115:13.

modern management technique is needed to encourage good results. Particularly are ingenious means needed where scientific management has been little applied. A description is given of how an executives' incentive plan was applied to reward and to spur managerial talent in credit and collection work. By R. H. Rositzke. *Management Methods*, March, 1933, p. 120:3.

Phone Workers Asked to Resign Voluntarily

The New York Telephone Company has instituted a policy of seeking "voluntary resignations" among more than 20,000 employees comprising its operating force. The step was taken to forestall further wage cuts through additional part-time work or outright personnel reduction. A "dismissal wage," equivalent to a week's salary for every year of service, will be given to every jobholder who feels that he can relinquish his position. To the extent that the company is successful in obtaining voluntary resignations, the remainder of the force, whose financial responsibilities are heaviest, will be benefited. *The New York Times*, March 29, 1933.

You Can Sell—But Can You Collect?

Today most business men are tired and worried. And yet to meet today's problems the best efforts of every manager and supervisor are needed. Every device of

Training and Education: *Schools, Libraries, Employee Publications*

Employee Handbooks

Well planned handbooks have been found to be of distinct value in improving relations between management and the individual and in increasing efficiency through-

out organizations. The handbooks of more than 60 well known companies were reviewed as a basis for this report which describes effective ways of presenting information to employees on administrative

rules, health and safety, training and education, services for employees and other subjects, considered under the general di-

visions of title, content, make-up, methods of distribution. *Policyholders Service Bureau, Metropolitan Life Insurance Co.* 20 pp.

PRODUCTION MANAGEMENT

General: *Promotion, Organization, Policy, Development*

New Budgetary Methods and Control of Departmental Profit and Loss in a Metal Goods Factory

A metal manufacturing company with branch factories in various European countries and the United States wished not only to reduce production costs by certain efficiency measures, such as planning, standardization, time study and technical preparation, but also to find a suitable accounting method by which to check monthly the financial results of these rationalization measures in the various sections of the factories and offices separately. In addition, it was desired to hold the engineers, foremen and other heads of departments responsible for keeping within the reduced limits of costs and rewarding them for any savings or further reductions in costs which could be shown to have been effected. The

existing accounting method of the company could not meet the requirements.

This description of the departmental budgetary control which was adopted shows how the calculations for the best possible conditions were carried out and how, in spite of fluctuations in activity, the various heads of departments, in accordance with the task set them, could be made responsible for keeping within the prescribed costs. By Wolfgang W. Neumayer. *Bulletin of the International Management Institute*, February, 1933, p. 27:6.

Determination of Production Costs—the Month's Proposition

A problem in determining the production costs of a hypothetical company, manufacturing three products, is presented and solved in this article. *The American Accountant*, March, 1933, p. 84:5.

Plant: *Location, Lighting, Heating, Ventilation*

Report on a Survey of the Revaluation of Plant Assets

Of the 117 companies in commercial and industrial organizations on which information was received through a questionnaire mailed by the Research and Service Department of the National Association of Cost Accountants to their members, only 46 companies, or about 40 per cent, have written any of their assets down. In 27 cases earned surplus was charged in 13 cases capital surplus was charged, and in 6 cases various other accounts were used, the main one being current profit and loss. One member replied that in his company, the write-down of fixed assets was charged to goodwill.

Typical replies to the question "Should asset values be written down?" are reproduced. *N. A. C. A. Bulletin*, March 15, 1933, Sec. I, p. 1037:20.

Electrical Rehabilitation Pays Us \$15,000

With purchased power, new electrical equipment, push-button control, the management of General Baking Company finds service better and costs reduced \$15,000 a year; also there is less maintenance work by day and none at night. The installation is described. By J. G. Coffin. *Factory Management and Maintenance*, April, 1933, p. 121:3.

Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

Salter Proposes a New Economy

A new economic order combining the best elements of the competitive price system with centralized planning and direction, to utilize the power acquired through mechanization and bring the world out of the depression, was advocated by Sir Arthur James Salter in the recent annual Massey Foundation lecture at McGill University.

Sir Arthur suggested "developing appropriate institutions throughout the main spheres of economic and financial activities which will afford sufficient regulation and direction to prevent the individual activities reacting destructively against each other and the occurrence of such abuses as we now witness, while leaving otherwise a free field for individual or group action."

As an example Sir Arthur referred to the flow of capital and suggested that under his system each principal financial country should have a national investment board, composed of representatives of financial organizations and public officials, which would be authorized by the State to veto certain classes of public issues.

This would involve collection, and to some extent institutional, action, he said, necessarily associated with the machinery of political government, whose methods and procedure would also need to be reformed. *The New York Times*, April 19, 1933.

With Germany's Unemployed

This detailed account of a night in a Berlin municipal lodging house shows what the two words, "world crisis," have come to mean to millions of Germans. By Heinrich Hauser. *The Living Age*, March, 1933, p. 27:12.

Industrial Cooperative Gardening

This report tells the story of the B. F. Goodrich Company's industrial gardening experiment undertaken to aid the company's

employees who were working only part-time due to curtailed production schedules and former Goodrich workers who were unemployed at the beginning of 1932. A summary of points to consider in planning such a program, based on Goodrich's experience in 1932, and an outline of the company's program for 1933, which anticipates that one day's work per week for each worker over a twenty-five-week period will give the participant and his family vegetable food for 36 weeks, conclude the report. *The B. F. Goodrich Company*, 19 pages.

Business Devours Its Young

Only a few years ago it seemed as if business had an endless store of honors and favors which it was waiting to bestow upon the right man if only he served his employers diligently and well. Men believed without question that the way to get on was to accept their employers' philosophy of business and to work like demons for them.

Since the depression there has been a general breakdown of this structure of faith. Since 1929 employees—and executives too—have had to face a hard fact—that as business is now generally organized, when earnings fall off the employees are the first to suffer. If what the business system now assigns to employees as their share in the fruits of commerce is all it can afford to assign, at least it had better never again imply otherwise, states the author.

But there is an alternative, he continues—the voluntary adoption by corporations of the general principle that those who work for them be regarded as having a claim upon their earnings at least equal to that of the common stockholders. In other words, that the salary scale be not cut before common dividends are cut, and that it be raised at least as soon as common dividends are raised. The adoption by any corporation of a policy based upon this

principle, the author believes, would enable it to say in good faith to those who devote their daily energies to it that they are partners in the enterprise.

This change of policy might be generally effected without the passage of a single law, the appointment of a single bureaucrat, the appropriation of a single dollar of tax-money. All it would require would be the ability on the part of the managements, directors, and major stockholders of our corporations to recognize that it would be beneficial to the economic system as a whole and ultimately to themselves, and would be manifestly just and decent. By Hawley Jones. *Harper's Magazine*, March, 1933, p. 409:10.

Unemployment Reserves for the Transportation Industry

The kind and quantity of railway unemployment is discussed, and a general plan for reserves to meet the problem is presented. By George M. Harrison. *American Federationist*, March, 1933, p. 246:6.

Cooperative Self-Help Activities Among the Unemployed

The Bureau of Labor Statistics is engaged in a field survey of the cooperative self-help activities of the unemployed now being carried on in a large number of communities in the United States. All of these plans are based on the general principle of the exchange of goods and services, but differ considerably in their details of operation. Among those reported in the first two

of a series of articles are: Barter and exchange movement in Utah; Unemployed Citizens' League of Denver, Colo.; Barter and Exchange Activities Among Unemployed in Cheyenne, Wyo.; Cooperative Production Units, Dayton, Ohio; Emergency Exchange Association (Inc.), New York City; Emergency Exchange Association of Pennsylvania. *Monthly Labor Review*, March, 1933, p. 449:47; April, 1933, p. 717:54.

A Review of the Current Literature of Industrial Relations

Among the more important publications selected for this review of the present trend and emphasis in industrial relations activities brought about by changed economic conditions of the past two years, there is a preponderance of material dealing with psychology, training, health, wages, unemployment relief and social insurance. In contrast with this, the report states, nothing of importance has appeared recently on such subjects as selection, turnover, profit sharing, stock ownership, and pensions for which one or more books or pamphlets have previously been included in this review.

The report describes the various publications which have been issued in the field of industrial relations, and presents a tentative list of publications which should make up an industrial relations reference library. *Library Bulletin of Industrial Relations Counselors, Inc.*, January, 1933. 58 pages.

Benefit Systems and Incentives: Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership

Employee Stock Ownership and the Depression

Three years of depression have afforded a rigorous testing of the various types of stock ownership plans which have been developed. This study of the plans of 50 representative companies during the period from 1926 to the end of 1932 indicates that few plans have been successful. It is concluded that both employers and employees

have lost more from the movement as a whole than has been gained in improved morale and dollars saved.

It is essential to the future development of sound industrial relations policy that the strict limitations upon the use of employee stock ownership be recognized. Since interest in employee stock plans will undoubtedly be renewed on the part of many companies when prosperity returns, this

report emphasizes specific experience and particular safeguards in the hope that the lessons of the depression will serve to confine any new movement to the very narrow limits of sound policy. Prepared by Eleanor Davis. *Industrial Relations Section, Princeton University*, 1933. 41 pages.

Why Not Incentives for Quantity and Quality?

There is no ready-made formula for the installation of quality and yield incentives. Each situation calls for special treatment. But, wherever a product shows appreciable waste or low quality between start and finish of the process, a carefully conceived incentive for quantity and quality is apt to result in surprising and gratifying savings. Various applications are discussed. By William E. Curley. *Factory Management and Maintenance*, April, 1933, p. 124:2.

These Employees Suggest on a Secret Ballot

The secret ballot suggestion system is used by The Long-Bell Lumber Company, of Longview, Washington. When a Long-Bell employee submits a suggestion, he removes the coupon from a suggestion blank and writes on it the date and hour submitted, name, division, department, location of department. This coupon bears the identical serial number as the suggestion blank, which is deposited in a suggestion box.

Twice a month, the winning numbers are posted on a bulletin board, and the holders of the designated coupons present them to the cashier for payment of the award

moneys. Not until then does the management know who won approval and award. If, for any reason, it is desirable to keep the matter confidential, no one is any the wiser but the executive and the employee.

The secret ballot feature which hides the identity of those who contribute suggestions, avoids all friction between department heads and subordinates; the management can never be accused of playing favorites or nursing prejudices. Also, the alert-minded employee is quickly discovered for promotion. *The Office Economist*, March-April, 1933, p. 14.

Operation of Unemployment Benefit Plans and Insurance Systems, 1931 and 1932

This report constitutes a supplement to "Unemployment-Benefit Plans in the United States and Unemployment Insurance in Foreign Countries," a study made by the Bureau of Labor Statistics in 1931. The present report shows what has happened to benefit plans in this country and foreign insurance systems over a period of a year and one-half.

The report states that in general the payments from all types of funds, particularly as they have been reduced as the result of the lowered incomes of the funds, have not been adequate to meet the financial needs of the beneficiaries, although they have undoubtedly been of very great assistance. This is clearly indicated by the practically universal desire to continue the benefit funds and by the efforts which have been exerted to keep them in operation. *United States Department of Labor*, 1933. 93 pages.

Employee Service: Hygiene, Recreation, Lunch Rooms, Stores, Safety

Accident Prevention

Safety hazards have been greatly increased on account of the increased use of machinery, which has made our high-speed mass production possible. In this article, the author outlines the safety plan in operation in the Bridgeport Brass Company, and points out many of the benefits

derived from its careful observance. By E. S. McClary. *N. A. C. A. Bulletin*, March 1, 1933, Sec. I, p. 1007:8.

Health Preservation in Industry

The program adopted by the Governor's Labor Union Safety Committee of New York State, to facilitate health preserva-

tion in industry, is outlined and discussed. By J. D. Hackett. *American Federationist*, March, 1933, p. 252:5.

Methods of Organizing and Conducting Industrial Safety Contests

This report describes in detail the accident prevention plans used by a number of organizations. It discusses many

phases of the subject, from drafting the rules to awarding trophies and concludes with a brief presentation of the advantages to be derived from the use of contests to stimulate conscious effort and keep interest alive. *Policyholders Service Bureau, Metropolitan Life Insurance Company*. 20 pages.

Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Personnel in Bus Transportation

The methods followed by the Greyhound Lines, after the driver has been selected, include two periods of training. One is "student training," when the man is prepared for his job. The other is "after training," which takes the form of education and supervision that continues as long as the man is in the employ of the company. These phases of the Greyhound training schedule are discussed. By Marcus A. Dow. *Industrial Relations*, November and December, 1932, p. 607:3.

Employee Magazines in the Depression

A study of over 400 employee magazines lists the aims of these publications as part of the industrial relations program: 1. To serve as an employee newspaper; 2. To develop a feeling of unity in the organization; 3. To provide a channel of communication between management and the employees. It was found that none of these three functions of an employee magazine can be entirely replaced by some other activity.

Of the 415 magazines studied, 208 were found to be discontinued by Dec. 31, 1932. The percentage of suspensions is highest in the store and manufacturing groups, with banks standing third. Of a small group of insurance company employee magazines studied, not one has been discontinued. The factor of comparatively regular production and employment in public utilities may account for a greater percentage of magazines continued in that group, although it is true that a regular

publication is an excellent method of getting statements of policy and news to all employees. Neither railroads nor oil and mining companies as a group have shown exceptional financial strength during the depression and yet they, with widely decentralized organizations, stand higher than average in the number of employee publications continued. Perhaps an additional factor in the continuation of the public utility and railroad publications is their increasing usefulness in encouraging employee sales.

Of the 207 magazines still being published, 25 have announced that they will appear irregularly. Other companies are effecting economies by restricting the circulation of their magazine, or by issuing a substitute publication in mimeographed form until such time as they may be able to resume publication of the usual magazine. Of the 208 magazines discontinued, 55 were reported as "temporarily suspended." A list of the magazines now being published with the dates of their first issues shows that 29 have existed twenty years or longer. The median of the length of existence of this group is 12 years. Of the magazines which have been discontinued sometime in the past three years, 13 had been in existence twenty years or more, and the median of duration is ten years. These figures show that the magazines have a certain quality of endurance which places them among the more permanent activities. Prepared by Helen Baker. *Industrial Relations Section, Princeton University*, 1933. 12 pages.

Employment: Classification, Selection, Tests, Turnover**Occupations, Intelligence, Age and Schooling**

The distribution of intelligence test scores, age, and schooling of a factory population of 9,075 men, divided into forty-four occupational groups, shows great overlapping in these measures from occupation to occupation. Nevertheless, the averages and interquartile ranges in both test scores and schooling correlate better than .74 with an occupational ranking based upon estimates of the degree of intelligence required. Test scores and schooling are practically normal in distribution; age is strongly skewed toward youth. By Millicent Pond. *The Personnel Journal*, April, 1933, p. 373:10.

Economic Difficulties of Older Persons

Older persons as a class, particularly industrial workers, suffer from employment handicaps which make sharp inroads into their economic security. A program to combat this situation is here advanced.

Constructive action must be directed toward improving or maintaining the work qualifications of older persons, uprooting age prejudice, effecting a better distribution of employees among jobs, relieving the labor market of the marginal older workers by retirement, and developing a general economic policy which would effect an expansion of work opportunities. By Solomon Barkin. *The Personnel Journal*, April, 1933, p. 393:8.

Research and Experiment**Developing New Products**

An important contributing factor in the success of The New Jersey Zinc Company has been, according to that organization's president, a progressive attitude in research, market development and sales activities. He describes recent research accomplishments and tells how the unusual Technical Service Group functions—placing before customers the results of the research department's work, advising them on technical matters and, conversely, interpreting the needs of the market to the research department.

Periodic sales-research meetings present opportunities for this company's sales department to tell the research department what is needed on the firing line, and for research representatives to tell sales managers and salesmen what to expect in the near future and to uncover profit opportunities. The complete work of product development in this organization is considered to be a function of close cooperation between all its divisions. By J. E. Hayes. *Executives Service Bulletin*, April, 1933, p. 1:4.

MARKETING MANAGEMENT**The Importance of Dealer Cooperation in Selective Distribution**

In this discussion of General Tire's selective distribution policy, the company's president sketches the history of his organization, which began with the manufacture of tire patches. He emphasizes the part played in the company's subsequent growth by the loyalty of the dealer organization. "That can be built," he states,

"only by giving dealers the type of merchandise, cooperation and protection that will enable them to make money." By William O'Neil. *Executives Service Bulletin*, April, 1933, p. 7:2.

Czech Shoes for China

Numerically no market is greater than China. It is generally believed that there are 440 million Chinese. It is probable that

not more than 10 million Chinese have ever had a pair of leather shoes. Not even all the soldiers have them.

The Bata Shoe Company, producing more than 230,000 pairs of shoes daily in the great Czechoslovakian factories, has announced plans to open a chain of shoe stores in China. First units of the chain have already been opened in Shanghai. More than a million pairs of leather shoes are expected to be distributed annually. *The Business Week*, April 26, 1933, p. 25.

Mergers and Marketing

Mergers are by no means things of the past but are occurring nearly every day. This is an analysis of the relationship that should exist between marketing technique and mergers in an economy of falling prices or where a buyers' market supplants the easy sales days of an earlier era. By W. J. Donald. *NATMA Bulletin*, March, 1933, p. 11:10.

Marketing Costs

An illustrated explanation of a practicable method of allocating the ordinary expense items of an operating balance sheet to individual commodities, in a typical wholesaling establishment, based on studies made by the Bureau of Foreign and Domestic Commerce. By Frank M. Surface. *Bulletin of the Taylor Society*, February, 1933, p. 2:4.

Helping the Retailer Check-Up on Profit

The director of the National Wholesale Grocers' Association suggests a plan for more effective supervision of retailers and

lists 32 questions that will help the dealer sell more profitably. By James D. Godfrey. *The Red Barrel*, April 15, 1933, p. 5:4.

Research in Marketing of Farm Products

This report outlines marketing as a field of research in agricultural economics, indicates its relationship to other parts of the field and describes briefly the present status and recent trends in research in the marketing of farm products. A number of projects representative of those now under way or needed to round out the program of research in marketing farm products are outlined and methods and procedures which are being used or which may be used to advantage in different types of projects are suggested. Edited by John D. Black. *Bulletin No. 7, Social Science Research Council*, December, 1932. 221 pages.

Gasoline Distribution in the Twin Cities

By Roland S. Vaile, Alvin L. Nordstrom and Ralph E. Brewer. *University of Minnesota, Studies in Economics and Business*, No. 6, February, 1933. 89 pages.

How General Foods Built Up Mass Selling Plan

Researching for ways and means of mass selling and selective selling is the primary cause for General Foods Corporation. The executive vice-president discusses protected quality, improved packages, scientific pricing and continued advertising as the basis of the company's activities. By Clarence Francis. *Printers' Ink*, March 9, 1933, p. 25:4.

Sales Promotion: Letters, House Organs, Advertising

An Experiment with Colored and Uncolored Advertisements

In an attempt to determine whether colored advertisements have a greater attracting and holding power sufficient to warrant the extra expense they involve, an experiment was performed with 36 college stu-

dents as the subjects. These persons were shown 28 full-page advertisements selected from a well known women's magazine—14 in color and 14 uncolored. The students were not told the purpose of the experiment. Each student was told to look at each advertisement carefully and to observe

what sort of impression it made upon him.

The results of the experiment reveal the following facts: Twenty-seven people remembered more colored advertisements than uncolored; five remembered the same number of each; and four remembered more uncolored advertisements. A total of 233 colored advertisements were recalled while only 142 uncolored ones were recalled. This is an average of approximately 6.5 colored advertisements per student and 3.9 uncolored advertisements per student, making an advantage of 66 per cent in favor of color. By H. Nelson Gilbert. *The Journal of Applied Psychology*, February, 1933, p. 49:6.

Ice Company, Seeking Diversification, Enters Laundry Business

With 70 per cent of its annual business confined to four months of the year, the American Ice Company sought to diversify its interests in order to stabilize employment and offset the inroads of mechanical refrigeration. An established house-to-house service agency, this organization decided to enter the laundry business. The president of the company details reasons for the decision, discussing sales methods and the salutary effect upon the organization's morale. By Charles C. Small. *Executives Service Bulletin*, April, 1933, p. 3:2.

Water Heaters Free

The Ontario Hydro Electric Commission has announced that to increase the consumption of electric power and to make work for the unemployed, it will install electric water heaters in 50,000 households without charge.

Current will be billed at a flat rate. It is estimated that 10 per cent of the present 500,000 hydro customers in Ontario will apply for heaters. Uniformity of load will be insured by agreement with the customer that water heaters will be used the year round and not turned off in winter in favor of water coils in the coal furnace. Ownership of the heaters remains with the Hydro.

Electric water heaters, and ranges as well, are being installed free in British Columbia. Similar schemes are being tried out on the Shawinigan Water & Power and the Southern Canada power systems. The cost of hot water service to the customers of the Ontario Hydro Electric Commission under the new flat rates is expected to be lower than on any other system of supply. *The Business Week*, April 26, 1933, p. 12.

How We Found a Tip Top Sales Opportunity in a Rock Bottom Year

Starting last July on a shoe string, the Walter Drey Organization so successfully out-thought and out-fought the depression that they have already built up sales on Monarch typewriters to 800 machines a month. How they developed their unique all-commission sales organization is told in this article. By Walter Drey. *Sales Management*, April 1, 1933, p. 318:4.

Marketing "Pedigreed" Furniture

About a year ago an association of several Grand Rapids furniture manufacturers set a joint objective and have realized "in excess of 400 per cent" of that quota. The details of the unique marketing plan for "pedigreed" furniture which helped make this result possible are set forth in this article. The conclusion is drawn: "The American public responds to the quality appeal—especially when it is authoritatively presented." By F. H. Mueller. *Executives Service Bulletin*, March, 1933, p. 7:2.

B & B Give Dealers Year's Sales Plan Stress Correct Display

Bauer & Black's new "stock rotation sales calendar" for druggists not only provides a stronger merchandising tie-up between manufacturer and dealer, but is noteworthy because it unselfishly promotes many products other than those in the B & B line. It is explained and illustrated. By Lester B. Colby. *Sales Management*, April 1, 1933, p. 320:2.

Salesmen: Selection, Training, Compensation

Bigger and Better Orders Trail Showings of New B & D Film

Because the sound motion picture film, "Shooting for Profits," after more than 250 showings before jobber sales organizations, has proved to be the most successful plan the Black & Decker Manufacturing Company has ever used for stimulating jobbers' salesmen, the company intends to continue its showing at the rate of 60 to 70 a month until almost every jobber's sales organization handling Black & Decker tools has been reached. Every territory in which the picture is shown immediately shows a jump in sales.

This five-reel sales picture was designed to overcome several problems that Black & Decker face in common with any manufacturer selling exclusively through jobbers. In the film, salesmen are shown how to demonstrate the tools. Furthermore, a hint of the wide application of Black & Decker tools is given. But the full exposition of the breadth of the market is left to a twenty-page booklet distributed at the end of the film showing.

The sales manager outlines how the meetings are conducted. An interview with Robert Black by Herbert Kerkow. *Sales Management*, April 1, 1933, p. 325:2.

Methods of Checking Employees' Traveling Expenses

There is a distinct tendency among an increasing number of organizations toward placing definite limitations on the amount of money which is allowed for ordinary traveling expenses of salesmen and other traveling employees. This is particularly true in the case of expenses usually classed as incidentals, and also with regard to expenses which the employee would normally have and would meet himself if he were working in his home town.

This report includes a discussion of the methods of checking employees' traveling expenses in such companies as the Atlantic Refining Co., Cleveland Provision Co., and Pillsbury Flour Mills. A summary of

methods used by 18 private industrial companies in making allowances for and checking traveling expenses is given, as well as an outline of plans employed recently by 24 insurance companies, the Federal Government and the State of Pennsylvania in controlling traveling expenses of employees, divided according to various items of expense. One typical traveling expense report is illustrated. *Policyholders Service Bureau, Metropolitan Life Insurance Company*, reprinted 1933. 17 pages.

Our Salesmen Helped Formulate Our New Policies

The Propper-McCallum Hosiery Co., Inc., this year held a two-day sales convention that was a "new deal" in every sense of the word. The twenty salesmen who attended listened to no speeches, and particularly no inspirational talks by outside speakers. The salesmen did as much if not more talking than the executives. Not only were the salesmen asked for their ideas on house policies, but most of their suggestions were actually accepted. Furthermore, the salesmen were given an opportunity to vote, at the same time the company's executives cast their ballots, on the various policies that were under consideration. Their votes helped to determine whether or not a suggested policy would be accepted or rejected. The organization for this novel sales convention is discussed and its advantages explained. An interview with Leo Propper by E. B. Weiss. *Printers' Ink Monthly*, April, 1933, p. 27:2.

Industrial Psychology Applied to the Sales Force

The author describes the methods adopted in a British manufacturing company for increasing enthusiasm and *esprit de corps* among the sales staff. A study was made of the temperament of each traveler and standardized instructions, etc., were replaced by individual letters drafted specially to appeal to the man to whom they

are addressed. A "Policy Manual" was prepared to enable travelers to deal with complaints and to act, where necessary, on the company's behalf. A weekly sales bulletin is circulated, giving information about sales and news from headquarters, and keeping the travelers generally in touch with the organization. The result of this policy has been an increase of 35 per cent in net sales. By J. W. Felix. *The Human Factor*, April, 1933, p. 132:7.

Time-Table Planning for Sales Meetings

The general sales manager of The Timken Silent Automatic Company presents a ten-point outline which is the standard program of the order of business at a weekly sales meeting in that organization, together with suggestions for proper procedure. The program is: 1. Start promptly at the announced hour on Monday morning, not

later than 9 o'clock. Monday is the best day—men are fresh, and it starts them off on the right foot for the week; 2. Call the roll; 3. Review last week's sales; 4. Call on individual salesmen to tell stories of last week's sales or successful interviews in the progress of a sale; 5. Announce the educational topic a week ahead. Appoint one man as secretary to take down the gist of the discussion; 6. Special announcements, explanations of bulletins or references to local conditions, house policies, etc.; 7. Quizzes and tests on standard practice which will reveal points on which salesmen need further coaching or information; 8. Drive for sales for the coming week; 9. Stimulate interest in current sales contest; 10. Wind up with an inspirational talk based on some subject or incident of the meeting. By E. V. Walsh. *Printers' Ink Monthly*, April, 1933, p. 57:2.

Buying, Receiving, Storing, Shipping

Hand-to-Mouth Buying

A discussion of the development of hand-to-mouth buying, including the situation at present, conditions favoring the practice, and the various methods for meeting the problem which have been the subject of controversy and discussion among executives. Differences emerge in such discussions as to the probable effectiveness of the method as well as to its advisability from the viewpoint of marketing policy. Few firms will find any one measure fully effective; a combination of several will commonly be required in dealing with the problem. The business man seeking sound development will notice that some of the measures represent endeavors to perform the marketing function more effectively and economically and therefore are defensible from a long-

run point of view, while others are wholly or partly attempts to shift or evade solution. Postponement, shifting or evasion of the solution does not find justification since there is little assurance that hand-to-mouth buying will disappear. By Harry R. Tisdal. *Harvard Business Review*, April, 1933, Part I, p. 299:8.

Fish Delivered Regularly by Airplane

More than 50 markets, food stores, restaurants, and hotels in Madison, Wisconsin, are supplied with fresh lake fish daily, except Sundays, by means of a chartered airplane which makes daily trips for a local wholesale company. This service is said to be supplied at no greater expense than other forms of transportation. *Domestic Commerce*, United States Department of Commerce, April 20, 1933, p. 128.

Retailing

A Survey of a Retail Trading Area

This bulletin is a report of two methods for studying retail trading areas, based on a survey of the Champaign-Urbana area.

By charting the origin of passenger automobiles found in a particular trading center, it is possible to discover from what sections of the surrounding territory the

center draws its trade. Then by canvassing the district with a questionnaire, the reasons for failure to draw trade from certain sections may be discovered, as well as the reasons why people like the present trading facilities in the center. Such knowledge will enable merchants to effect economies in distribution effort. Buyers may benefit by lower prices or secure better service for the same money as a result of the decreased expenses of the merchants. By Fred M. Jones. *Bulletin No. 44, Bureau of Business Research, University of Illinois*, 1932. 32 pages.

Market Study as an Aid to Store Efficiency

As a basis for properly directed merchandising and publicity effort, without costly duplication, this article stresses the need for more exact knowledge of the extent of the store's natural trading area and of the basic influences affecting retail trading within the area. By Homer S. Curtis. *The Merchandise Manager*, February, 1933, p. 16:3.

Unusual Sales Events For Retailers

Thirty unusual sales events used by retail merchants to promote trade are described. *Policyholders Service Bureau, Metropolitan Life Insurance Company*. 19 pages.

More Than One-Third of Nation's Retail Business Is Done on Credit

The Census of Distribution revealed that 34.29 per cent of the retail trade in the United States, as related to total sales, is sold on credit. When sales of stores reporting credit sales are considered separately, omitting those outlets which do not extend credit, it is found that 52.69 per cent of sales in these stores are on credit. These figures vary for different parts of the country and in different states. A table is illustrated which shows the figure for each geographic division and each state. *Domestic Commerce, United States Department of Commerce*, April 20, 1933, p. 123.

Planning, Budgeting, and Control of Department Store Expense

The essential factors of control in department store merchandising are outlined. Expenses to be budgeted, factors in planning payrolls, stationary and fluctuating payroll classifications, forms for payroll budget, planning publicity expenditures, control of budgeted payrolls, and advertising controls are topics covered. Illustrative forms accompany the text. By F. H. Meischeld. *The American Accountant*, March, 1933, p. 73:6.

Six Types of Merchandise Control

Merchandise managers have at their disposal an almost endless, perplexing variety of merchandise control systems. But the special problems or needs of any department or merchandise classification can be met by one or more of the half dozen major systems. The mechanics and advantages of these are described in this article. By Werner Gabler. *The Merchandise Manager*, March, 1933, p. 29:2.

Can the Returned Goods Evil be Controlled?

For more than two years, a group of Pittsburgh stores, with the cooperation of the University of Pittsburgh, has been making a practical study of the costly problem of returned goods, with the purpose of formulating methods of combating it. This article details the plan of campaign, analyzes the information obtained during the course of this investigation, and sets forth the conclusions reached as a result of the joint effort. By Bishop Brown. *Executives Service Bulletin*, April, 1933, p. 5:3.

Amortizing Customers' Debts Through a Retailer-Owned Finance Co.

Sluggish collections for retailers are due not only to shrinkage of income but to the debt burdens borne by individuals. A plan for amortizing the obligations of customers whose store accounts are overdue—which enables the creditors to get their money

without any expense for collection—has been used successfully by the merchants of Fort Worth, Texas, through their own finance company. The secretary-manager

of the Retail Merchants' Association of that city, tells how the plan works. By E. G. Graves. *The Merchandise Manager*, April, 1933, p. 23:3.

Wholesaling

Multiple Types of Wholesaling

This study of establishments engaged in two or more types of wholesaling, based on the findings of the first Census of Wholesale Distribution, indicates that the extent of the practice has been greatly exaggerated, and many wholesalers and others have been unduly alarmed by what they

consider an encroachment by certain types of wholesale organizations on the business of other types operating in the same line of trade. By Theodore N. Beckman and Nathanael H. Engle. *Wholesale Distribution Special Series No. W-251, United States Department of Commerce*, 1933. 44 pages.

Survey of Books for Executives

Agricultural Systems of Middle Europe.

A Symposium. Edited by O. S. Morgan. Macmillan Company, New York, 1933. 405 pages. \$5.00.

This imposing volume of over 400 pages contains eight articles of practically equal length dealing with the development and condition of agriculture in Austria, Bulgaria, Czechoslovakia, Greece, Hungary, Poland, Rumania and Yugoslavia. The articles were prepared by high government officials, most of whom are active or former Ministers of Agriculture of the countries covered in the book.

In the Preface, the editor of the volume, who is Professor of Agriculture of Columbia University, states that the "symposium is not designed as a textbook for students of agriculture. Rather it is offered as a source book for agriculturists, economists, politicians, and other students of economic and social phenomena. It is hoped it will serve as valuable collateral reading in college courses devoted to the study of national, agricultural, economic and political policies."

From the editor's introduction to the volume, we learn that each contributor was given "a standard outline to base a 20,000-word chapter on his country. The outline was by way of suggestion as to chapter

content as well as sequence of topics treated therein. It was requested that the material be factual, technical, rather than popular, and that authors control any tendency to introduce nationalistic propaganda." The outline covered such topics as physical factors, population, land utilization, history of agriculture, land reform, mechanization, marketing, cooperative organizations, taxation, education, the rôle of farmers in politics, commercial policy, and farm income.

According to the plan of the author, this book is the forerunner of a series of separate books on the agriculture of the countries covered in the volume. The object of these separate studies would be to acquaint American agricultural leaders "with these actual and potential European market competitors" and to create a clearer and more sympathetic understanding among European and American agriculturists. The editor states that he is "frankly in favor of Pan-Europe as an economic necessity" and that in his opinion "a United States of America is the logical pace-setter initially of economic, and eventually of complete rationalization of continental Europe."

To this reviewer the book appears too superficial for an expert and too technical and dry for a layman. The reader obtains a good picture of the general characteristics

of agriculture in the various countries, but the book fails to arouse his interest or sympathy. This is due partly to the uninteresting style in which the book is written, partly to indifferent even bad translation, and partly to complete failure of the authors to emphasize and bring into clear outline the principal problems or aims of the agricultural policy of their countries. In some cases the text is actually misleading and incorrect. For example, on page 123, we find the following sentence:

"Up to 1928 the Czechoslovak foreign trade was active every year with two milliards crowns. In 1929 export sank, due to the fall in prices to 500 million cr., but in 1930 it rose to 1,700 millions cr."

This sentence should read as follows: "Up to 1928 Czechoslovakia had an average annual surplus of commodity exports of 2,000 million crowns. In 1929 the surplus of exports declined to 500 million crowns owing to the fall in prices, but in 1930 it rose to 1,700 million crowns."

The following statement occurs on page 129: "There is no doubt but that Czechoslovakia can by technical means considerably increase its agricultural production and thus also its active balance in the commercial statement."

This statement should read as follows: "There is no doubt that Czechoslovakia can by technical means considerably increase its agricultural production and thus also the net income in the balance of merchandise trade or the surplus of commodity exports."

The following statement occurs on page 185: "It follows from the foregoing that for most agricultural undertaking net incomes are deficits."

One of the various faults of the book is that figures stated in foreign currencies are not converted into dollars. When we read that the national income of Yugoslavia in 1925 was 69,608,150,000 dinars and the income per capita 5,354 dinars, we are not aware that these sums represent \$1,183 million and \$91.0 respectively.

So far as the Pan-Europe movement is concerned, this book gives no encourage-

ment to its advocates. This may be due to some extent to the fact that the articles were written by high government officials who had to state the official point of view. This fact is also responsible for the slight amount of attention given to the political programs and attitude of the peasantry.

With all its faults—many of which could have been corrected by more careful editorial attention—the book is recommended to persons interested in the agricultural development of Middle Europe from 1918 to 1930. As a rule the statistical information does not cover 1931 and 1932.

VASO TRIVANOVITCH,

*Department of International Relations,
National Industrial Conference Board, Inc.*

Advertising Allowances. By Leverett S. Lyon. Brookings Institution, Washington, D. C., 1932. 125 pages. \$1.00.

One of the most perplexing problems of marketing executives and of the trade associations is the question of advertising allowances, a term which has come to cover a wide range of practices from allowances for space lineage to secret price cuts. The central difficulty is that many of the services for which such allowances are made cannot be checked or measured. As a consequence, advertising allowances have become for the most part a "phase of the price-making process"—the subtitle of this book.

Dr. Lyon has based his conclusions on personal interviews with chains, wholesalers, manufacturers, association executives and others, and on the results of questionnaires to the members of the Associated Grocery Manufacturers and the American Management Association, and on a survey of the scanty literature on the subject.

How to handle this problem through the trade practice conference is covered in an instructive chapter on the subject. The rules recommended for the grocery industry are as follows:

"1. That the term 'advertising allowance' is, in the opinion of the trade, used inaccurately and unethically when it is applied to any part of a price offer or used other-

wise than to denote a payment for the purchase of specific promotion services.

"2. That advertising allowances are, in the opinion of the trade, unethical except when given as payments for specific promotion performances which are *possible, practicable, and capable of being audited*.

"3. That advertising allowances shall be arranged for in agreements entirely separate and distinct from sales agreements.

"4. That advertising allowance agreements shall definitely specify exactly how much shall be paid (in money or credit, goods or services) by the giver of the allowance, exactly what services shall be rendered by the recipient of the allowance, and the method of auditing performance which the allowance giver shall employ.

"The trade should consider the advisability of condemning all advertising allowances which are secret on the ground that the terms of secret arrangements cannot be known and on the ground that the suspicion and mistrust engendered in the trade and the loss of time involved in transacting business in such a trade atmosphere offset such advantages as may be found in secret arrangements."

An appendix giving the questionnaire sent to grocery manufacturers, twenty-three pages of it, will amply repay careful study.

W. J. DONALD, *Partner,*
James O. McKinsey and Company.

Manufacturing Market Statistics. By Charles B. Eliot. United States Department of Commerce, Washington, D. C., 1932. 1,070 pages. \$1.00.

This is a comprehensive presentation of census statistics assembled for the practical use of manufacturers in analyzing and locating markets for commodities sold to other manufacturing establishments—the industrial market. It was compiled by the Bureau of Foreign and Domestic Commerce under the guidance of a committee composed of advertising and industrial executives.

The Census of Manufactures data for all industries are presented in compact form,

showing such market indicators as number of plants, workers, wages and salaries, horsepower of equipment, material cost and value of output, by states, cities of 10,000 population and over, and major industrial areas. Added to this are state totals of plants, workers, wages, materials and products for each of the 326 leading industrial groups, together with the geographical distribution on a county basis of the plants in each industry.

A number of maps illustrative of methods of studying the industrial market are offered to assist the marketing and advertising executive in applying the material to his own particular needs.

Balanced Employment. By L. S. Chadwick. Macmillan Company, New York, 1933. 234 pages. \$2.00.

The author of this book contends that it is to the selfish interest of everyone so to control our labor hours that everyone who desires to work can secure a job and can, as a consequence, be able to purchase his share of the goods that are produced by himself or others.

"For the purpose of balancing employment and creating added consumption, industrial leaders must reduce their employment hours and must increase their market," Mr. Chadwick, who is president of the Perfection Stove Company, maintains. This, he says, can only be accomplished by a "full national, coast-to-coast, industry-to-industry acceptance and complete adoption of a well-organized, flexible, permanently-established balanced labor plan." Such a plan is outlined in chapter XXVIII, entitled "The Solution."

Modern Italy. By George B. McClellan. Princeton University Press, Princeton, 1933. 319 pages. \$3.00.

The story of the unification of Italy and of her rise as a world power is told in this book. It is based on many visits made to the peninsula by the author, who is Professor of Economic History Emeritus in Princeton University. His knowledge of

and admiration for Italy and the Italians, despite their shortcomings, which he does not attempt to minimize, is manifest throughout.

The Real Meaning of Social Insurance.

By Hugh H. Wolfenden. Macmillan Company of Canada, Ltd., Toronto, 1932. 227 pages. \$2.00.

In this concise statement of the benefits and problems accruing to social insurance, its various branches—sickness, unemployment, pensions, etc.—are reviewed. The Canadian plan is cited and discussed; also other State plans and the acts passed governing such schemes. Arguments for and against State insurance are set forth and suggestions for improvements in future legislation.

The New Challenge of Distribution.

By Harry Tipper. Harper & Bros., New York, 1932. 216 pages. \$3.00.

This book analyzes what distribution is, and discusses why the distributive problem must receive the major attention of all executives in the immediate future. The good and bad features of competition, the greater distribution of purchasing power on a widespread basis, the relation of each manufacturer's problem to the factors outside his own business are some of the factors in distribution considered in this study of the nature of the distributive process.

In discussing "What can be done," the author suggests from the point of view of operating executives how they can apply certain basic ideas to their own problems.

The Incidence of Work Shortage.

By Margaret H. Hogg. Russell Sage Foundation, New York, 1932. 136 pages. \$2.50.

This volume presents the results of a survey of work shortage by a sample of families made in New Haven, Connecticut, in May-June, 1931. The incidence of work shortage is contrasted by sex, marital status, nativity, age, occupation, industry

and section of city. The following facts were revealed by the study:

Women workers were found consistently to have lower rates of unemployment than men. Married men, living with their wives, have a lower rate of idleness from lack of work than other men, and married women living with their husbands were found to have a lower rate than other women, although the small number involved left the last open to doubt. Foreign born workers suffered more from work shortage than native Americans.

In a study of age groups, it was found that more men under 40 than over, and slightly more women under 25 than over were idle from lack of work. Unskilled workers had higher rates of unemployment than skilled workers. The industrial group with the highest unemployment was building and construction, while other manufacturing came next, trade and professional service having a comparatively low unemployment rate.

Essentials of a Program of Unemployment Reserves.

National Industrial Conference Board, Inc., New York, 1933. 68 pages. \$1.00.

The aim of this report is to outline the fundamentals or basic principles of a sound and practicable program of unemployment reserves, sufficiently broad and flexible to render it adaptable, with suitable modifications, to the varied requirements and resources of individual employers.

The responsibility of industry in relation to the problem of unemployment is first defined. As a preliminary to the consideration of the main subject of the study, the legislative situation now confronting industry is reviewed, including a consideration of the recent reports by state unemployment commissions. This is followed by a discussion of: the essentials of an unemployment reserve program; the fundamental questions of policy involved in the formulation of a plan, including coverage of the plan, amount and duration of benefits, contributions by employees, the question of compulsory participation, pooled

versus individual reserves, and administration of the fund; the effect of compulsory legislation and private unemployment reserve plans.

In the conclusion, the limitations of private plans and the extent to which their development may be expected to aid in the partial solution of the problem of unemployment are considered, and possible measures for dealing with the residual volume of unemployment are indicated. The Appendix contains a tabular analysis of private unemployment and benefit plans.

This volume is supplementary to the report on "Unemployment Benefits and Insurance" published by the National Industrial Conference Board in 1931.

The Personal Finance Business. By M. R. Neifeld. Harper & Bros., New York, 1933. 490 pages. \$5.00.

Part I of this book gives a detailed historical background of personal credit showing how the present situation developed. It describes the typical American consumer, the borrower—how much he borrows, what security he can offer, his occupation, dependents, needs, delinquencies, etc.

The practical aspects of the personal finance business are considered in Part II, including the specialized technique which must be followed in successful conduct of the business, the legal method used by certain credit agencies for coping with the Usury Statutes, the social aspects of the personal finance business, the influence of the depression, legal regulation, and the related problem of bettering public relations. A nine-page bibliography complements the text of this comprehensive work.

Insuring the Essentials. By Barbara Nachtrieb Armstrong. Macmillan Company, New York, 1932. 717 pages. \$5.00.

This is a concise survey of the minimum wage situation and social insurance, including workmen's compensation, social health insurance, old age and invalidity insurance and old age pensions, survivors' insurance, and unemployment insurance. In

each instance, the history of the movement, the European experience, the movement and present status in the United States receive consideration and a suggestion is made regarding the immediate action the United States might take in the situation. In the concluding chapter, "Looking Forward," the author recommends the following constructive steps for the United States:

Compulsory health insurance should be instituted by the individual states immediately covering at least the regularly employed industrial population.

The labor market should be organized at once by some such scheme as that which was embodied in the Wagner measure vetoed at the 1931 Congressional session.

A contributory old age, invalidity, and survivors' insurance system should be instituted which will in the course of time remove from the public treasury the burden of maintenance of most of the *bona fide* widows and orphans, the families of invalidated workers, and the superannuated.

A movement should be initiated for an amendment to the Constitution to permit minimum wage legislation to be enacted for the protection of women in industry.

Finally, the United States ought "to organize for the preservation of her superior position before the destructive forces of industrialization have progressed sufficiently to push a stratum of her workers down to European levels of insufficiency."

In the five Appendices to the text charts are given which analyze the kinds of minimum wage and social insurance legislation in various countries, as of January 1, 1931, the details of the principal social insurance measures, and the American laws on workmen's compensation.

This volume, the result of long and painstaking research, is unique in that it gives in a very brief space the essential details regarding not one but all of the important social insurance movements, as well as the minimum wage movement. It is recognized immediately as an important work in this field.

M. R. L.